



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 25, 2001

H.R. 2883 **Intelligence Authorization Act for Fiscal Year 2002**

*As ordered reported by the House Permanent Select Committee on Intelligence
on September 24, 2001*

SUMMARY

H.R. 2883 would authorize appropriations for fiscal year 2002 for intelligence activities of the United States government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System (CIARDS).

This estimate addresses only the unclassified portion of the bill. On that limited basis, CBO estimates that implementing the bill would cost \$156 million over the 2002-2006 period, assuming appropriation of the necessary funds. The bill would affect direct spending by insignificant amounts; thus, pay-as-you-go procedures would apply.

H.R. 2883 contains an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of the mandate would not exceed the thresholds established in that act (\$56 million for intergovernmental mandates and \$113 million for private-sector mandates in 2001, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact for the specified authorization of appropriations in the unclassified portions of H.R. 2883 is shown in the following table. CBO cannot obtain the necessary information to estimate the costs for the entire bill because parts are classified at a level above clearances held by CBO employees. For purposes of this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2002, and that the necessary amount will be appropriated for that year. Estimated outlays are based on historical spending patterns. The costs of this legislation fall within budget function 050 (national defense).

By Fiscal Year, in Millions of Dollars						
	2001	2002	2003	2004	2005	2006
INTELLIGENCE COMMUNITY MANAGEMENT ACCOUNT						
Spending Under Current Law						
Budget Authority ^a	149	0	0	0	0	0
Estimated Outlays	155	58	15	2	0	0
Proposed Changes						
Authorization Level	0	153	0	0	0	0
Estimated Outlays	0	98	43	8	3	0
Spending Under H.R. 2883						
Authorization Level ^a	149	153	0	0	0	0
Estimated Outlays	155	156	58	10	3	0
COMMISSION ON TERRORISM PREPAREDNESS						
Spending Under Current Law						
Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	0	0
Proposed Changes						
Estimated Authorization Level	0	3	0	0	0	0
Estimated Outlays	0	3	0	0	0	0
Spending Under H.R. 2883						
Estimated Authorization Level	0	3	0	0	0	0
Estimated Outlays	0	3	0	0	0	0
SUMMARY OF CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level ^b	0	156	0	0	0	0
Estimated Outlays	0	101	43	8	3	0

a. The 2001 level is the amount appropriated for that year.

b. In addition to effects on spending subject to appropriation, H.R. 2883 would affect direct spending, but CBO estimates that such changes would be less than \$500,000 a year.

Spending Subject to Appropriation

The bill would authorize appropriations of \$153 million for the Intelligence Community Management Account, which funds the coordination of programs, budget oversight, and

management of the intelligence agencies and unspecified amounts for intelligence activities in fiscal year 2002.

Section 306 would establish a commission to examine the federal government's preparedness to prevent, prepare for, or respond to acts of terrorism up to and including the terrorist acts on September 11, 2001. Based on costs for similar commissions, CBO estimates implementing this section would cost about \$3 million in fiscal year 2002.

Direct Spending and Revenues

The bill would authorize \$212 million for CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. The payment to CIARDS is considered mandatory, and the authorization under this bill would be the same as assumed in the CBO baseline. Thus, this estimate does not ascribe any additional cost to that provision.

Section 401 would provide permanent authority for a program that authorizes the CIA to provide goods and services on a reimbursable basis. CBO estimates that the costs of providing those goods and services would be offset by the reimbursements and that this provision would have an insignificant net impact each year and no net budgetary impact over the long run.

Section 402 would extend the authority of the Central Intelligence Agency (CIA) to offer incentive payments to employees who voluntarily retire or resign. The authority, which will expire on September 30, 2002, would be extended through fiscal year 2003. Section 402 also would require the CIA to make a deposit to the Civil Service Retirement and Disability Fund equal to 15 percent of final pay for each employee who accepts an incentive payment. Although the timing of agency payments and the additional benefit payments would not match on a yearly basis, CBO believes that these deposits would be sufficient to cover the cost of any long-term increase in benefits that would result from induced retirements. CBO cannot provide a precise estimate of the direct spending effects because the data necessary for an estimate are classified.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that the net change in outlays for section 401 that are subject to pay-as-you-go procedures would be insignificant for each year. CBO cannot estimate the precise direct spending effects of section 402 because the necessary data are classified.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2883 would establish the Commission on Preparedness and Performance of the Federal Government for the September 11 Acts of Terrorism and would give it the power to subpoena testimony and evidence. Such power would constitute an intergovernmental and private-sector mandate under UMRA. CBO estimates that the costs of the mandate would not exceed the thresholds established in UMRA (\$56 million for intergovernmental mandates and \$113 million for private-sector mandates in 2001, adjusted annually for inflation). The remaining provisions of the bill contain no intergovernmental or private-sector mandates and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On September 14, 2001, CBO transmitted a cost estimate for the unclassified portion of S. 1428, the Intelligence Authorization Act for Fiscal Year 2002, as ordered reported by the Senate Select Committee on Intelligence on September 6, 2001. The differences in the estimated costs reflect differences in the bills. In particular, S. 1428 would authorize \$238 million for the Intelligence Community Management Account, while H.R. 2883 would authorize \$153 million for that account.

ESTIMATE PREPARED BY:

Federal Costs: Matthew Schmit
Impact on State, Local, and Tribal Governments: Elyse Goldman
Impact on the Private Sector: Zachary Selden

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis